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1	2 --TS 850403 Cy 2 & ICS 84-3580			

SUBJECT:

FY 1986 NFIP Budget

CIA SOURCE INFORMATION ORIGINATOR		EXTERNAL SOURCE INFORMATION ORIGINATOR		
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EXEC
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28 January 1985

MEMORANDUM FOR: Deputy Director of Central Intelligence
FROM: Acting Director, Intelligence Community Staff
SUBJECT: Response to DepSecDef Concerning FY 1986-1990 NFIP Agreement (U)

1. Action Requested: That you sign the attached memorandum to Mr. Taft responding to his memorandum on the agreed FY 1986-1990 NFIP funding profile. (U)

2. Discussion: Per your request, the attached memorandum corrects the record concerning the agreement [redacted] and provides, via the attachment, a point-by-point critique of the revised NFIP budget schedule proposed by Mr. Taft. (TS)

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[redacted]
Eloise R. Page

Attachment:
Memo (TS 850403)

TS 850403/1
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[redacted]
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SUBJECT: Response to DepSecDef Concerning FY 1986-1990 NFIP Agreement (U)

ICS/PBS, 28 Jan 85)

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Distribution: (TS 850403/1)

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Copy 7 - PBS Subject (FY 1986-1990 NFIP Budget)

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Director
Intelligence Community Staff
Washington, D.C.

DCI/ICS 84-3580
26 April 1984

MEMORANDUM FOR: General Richard G. Stilwell, USA (Ret.)
Deputy Under Secretary of Defense for Policy

Mr. Donald C. Latham
Deputy Under Secretary of Defense (C³I)

SUBJECT: Proposed Changes to the NFIP Budget Process

REFERENCE: Your letter dated 28 February 1984, subject as above

1. We have reviewed your letter of 28 February together with the alternative schedule proposed for the budget review. Several areas of concern are noted: (1) the need to allow sufficient time for assessment of potential NFIP issues, (2) the need for improved staffing of NFIC members, (3) the need to improve the documentation and rationale for NFIP decisions, and (4) NFIP schedule compatibility with DoD budget milestones. We do not oppose any of these objectives. However, we cannot accept the changes being proposed to achieve them. Specifically, the changes to the NFIP budget schedule recommended, and the proposed establishment of an NFIC Working Group to prepare issues and propose a DCI ranking, are neither desirable nor necessary to produce the desired results.

2. We believe that the present Capabilities Programming and Budgeting (CPB) system affords the DCI and the members of the Intelligence Community sufficient opportunities throughout the cycle to influence the process and produce the essential NFIP decisions at the proper time. The CPB system requires: an ordered program ranking from each Program Manager as part of the mid-June budget forecast, a DCI programmatic evaluation in July, NFIC program consideration in early August, a tentative DCI program decision in early August, and a refined budget submission by mid-September. This process recognizes the Program Manager as having the primary responsibility for

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SUBJECT: Proposed Changes to the NFIP Budget Process

program development and prioritization, and the DCI as the primary authority for NFIP budget review and approval under E.O. 12333. Advancing the present review schedule and calling for a mid-July budget submission does not recognize either the considerable budgetary refinements (including revised budget assumptions from the OSD Comptroller) which are necessary following the August program and budget guidance updates, or the uncertain status of congressional actions on the previous year's President's Budget. Both factors have weighed heavily on the formulation of the Program Manager's fall budget submission. We have discussed these factors with senior representatives of each NFIP Program Manager and they share our view that a schedule adjustment is inappropriate.

3. Similarly, the proposed NFIC Working Group would introduce additional problems in the process. A Working Group concept would require an exchange of information among members which, in numerous cases, would neither be possible because of security considerations, nor reviewed by participants from a common baseline of expertise. Participants would need substantive knowledge of all programs and be granted the authority by their own Program Manager to make changes during the iterative process. Additionally, smaller programs, such as FBI, State, etc., would have little interest in the proceedings. More importantly, the proposal would create an unwieldy mechanism guaranteed not to produce agreed upon recommendations. To produce the intended results would require each program participant to put aside vested interests and produce a corporate position--a seemingly impossible task at such a Working Group level.

4. We believe there would be considerable improvement in the process if DoD could participate more fully in the joint review sessions held with each Program Office. As you know, the CPB system requires several reviews throughout the year of base and ongoing initiatives, and joint DCI/OMB/Departmental/Agency budget reviews in the fall. Increased DoD participation not only would provide your representative a greater degree of detailed information on program content and issues, but would also greatly help in subsequent staffing of the DoD principal for NFIC meetings. In the past, this lack of participation may have resulted in many lost opportunities. Also, we encourage you to identify a single point of contact within DoD for national intelligence programs who can represent the collective interests of DoD and establish continuity with the IC Staff throughout the total process.

5. Clearly, improvements can be made as we execute the steps in the CPB system. First, to the extent we can control the timing required for NFIC meetings, we will attempt to provide the required material for review at least 5-7 days in advance. This objective can only be achieved if there is maximum cooperation in producing the essential information in a timely manner. Secondly, recognizing that program decision documentation from the early August NFIC meeting will be helpful to the Departments for purposes of budget

SUBJECT: Proposed Changes to the NFIP Budget Process

formulation, we will promulgate the results of the DCI review at that time. Lastly, we intend to conduct periodic meetings with the Program Offices throughout the year to discuss budget issues of common interest. I intend to invite a representative of OSD to these discussions. [redacted] Director, Program and Budget Staff, will be the point of contact for these meeting.

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6. We very much appreciate your expression of concerns and suggestions for improvement, and we look forward to greater DoD participation in the process as we move forward on the development of the FY 1986 budget.



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Vice Admiral, USN

cc:



ASD Comptroller

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